

Minutes of Meeting October 14, 2016

A Regular Meeting of the Port Commission of Port Freeport was held October 14, 2016 beginning at 9:00 Columbia Lakes, 188 Freeman Boulevard, West Columbia, Texas.

Commissioners present:

Mr. Ravi Singhania, Chairman
Mr. Bill Terry, Vice Chairman
Mr. Paul Kresta, Secretary
Mr. Rudy Santos, Asst. Secretary
Mr. Shane Pirtle, Commissioner
Mr. John Hoss, Commissioner

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Missy Bevers, Executive Assistant

Also present:

Mr. Bobby Fuller, Texas Port Ministry

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:

Before beginning the workshop, Commissioner Singhania asked Mr. Bobby Fuller to lead an invocation.

2. Conduct training on the legal requirements of the following subject matters and review related Port Policies, including but not limited to:

Open Meetings Act
Open Records act
Conflicts of Interest

Mr. Cordoba gave a presentation to the Board related to the Open Meetings Act including what it is and when it applies. He also talked about the three executive session exceptions that apply most to Port Freeport which include the attorney-client privilege, real property and security. Later in the presentation, Mr. Cordoba recommended going into Executive Session under the attorney-client privilege to discuss very specific recommendations he will make to the Board.

Ms. Saathoff stated that a policy is in place that addresses Commissioner attendance at social events, press conferences, ceremonial events, etc. At this time, staff does not recommend any changes to the policy and will continue to apply as necessary.

3. Discuss training requirements and schedule for commissioners and staff.

Ms. Saathoff stated that there are certain sections in our policies that require periodic training, perhaps annually, and suggests possibly conducting this training annually in the summer after the election cycle. Commissioner Santos commented on training requirements stating that he agrees with having a session, especially for him since he is new to the Board. He added that staff did conduct a Port 101 with him however, it was a bit overwhelming with so much information being given at one time, he suggested a follow-up. There was discussion regarding the periodic review of policies. Commissioner Kresta stated that previously policies were reviewed every month, and while he liked that process, it became redundant and somewhat lost in the shuffle. Ms. Saathoff suggested adjusting the schedule to review the policies every 18 months or 2 years instead of every year. Commissioner Terry commented that he would also like to see an event with the Board, employees and their families take place. Ms. Saathoff suggested surveying the employees to assess interest and preferred format. Commissioner Kresta inquired about H.R. training and whether or not it was being held, or if it can be added to the training requirements. Ms. Saathoff stated that we have policies in place however, a formalized program is not in place.

4. Review Port Commission committees, their purposes and scheduling.

Ms. Saathoff has reviewed the committees that are currently in place and feels the appropriate committees are in place to support the overall Port Commission in an advisory capacity when needed. After brief discussion, it was confirmed that not all matters are required to go through a committee to get to the Port Commission and the CEO will call a committee meeting as she deems necessary. A discussion began over various scenarios that have taken place and how committees are set up to support the Board and keep projects moving. While the committees are strictly advisory, their recommendations should always be relayed to the full Board. In addition, committees should not create actions items for staff without having support of the Board. Mr. Cordoba reiterated that the committees are advisory in nature, no action can be taken in the committee. Commissioner Terry asked that if a committee meeting is called and then cancelled, staff should communicate to the Chairman of the committee the meeting has been cancelled. Moving forward, all committee meeting requests should be made through Ms. Saathoff or Ms. Bevers. Additionally, items discussed in committee meetings should not go to the Board for discussion and action on the same day. Exceptions can be made to time-sensitive subjects.

5. Discussion regarding future Port Commission meetings and workshops with Executive Director/CEO.

Discussion began on the pros and cons to having two meetings versus one meeting per month. Suggestions made were to continue with having two meetings a month on the 2nd and 4th Thursdays with the 4th Thursdays being the set meeting and the 2nd Thursday optional. Ms. Saathoff suggested having meetings back to back weeks with an executive session only meeting held the week before to discuss strategic items and/or items that will require approval at the next board meeting. After long discussion on what works for everyone, consensus was to set meetings for the fourth Thursday of the month and allow Ms. Saathoff to develop a schedule recommendation for next year that includes a second meeting on either the 2nd or 3rd Thursdays for further consideration and discussion.

Conducting an annual workshop was also discussed and what time of year works best for everyone. October was the consensus moving forward since it comes after budget.

6. Conduct a Planning Workshop for Port Freeport regarding the following:

- A. Global market update
- B. National and regional influence on ports
- C. Port Freeport Strategic Objectives

D. Port Mission and Vision Statement

E. Current and projected financial position, ad valorem tax rate, financing options and debt capacity.

Ms. Saathoff talked with the Board about the current situation in the global market with container rates down 50% and an oversupply in container capacity with new container vessels coming online. With the oil prices still down and economy depressed, the demand for boxes are not at the levels they were previously. The Port is somewhat insulated from the effects of this because of the construction activity in the region with all the project cargo coming through, and the resins production. The election can also affect the economy as well as funding and how Congress works with all the agencies and their budgets. Many things can affect the Port moving forward as we develop projects so it is important to stay current and aware of what's happening so our timing is at the right.

When talking about the mission statement, Ms. Saathoff highlighted key phrases related to our strategic objectives in the statement including, we would develop and market a competitive world class navigational capabilities. The channel project is the world class navigational capability. Technically advanced marine and multi-modal services is another key phrase. Our focus on expanding the container terminal and transportation corridor meets this part of the mission statement. Lastly, port related and industrial facilities related to the longer term rail connection. In looking at the statement, Ms. Saathoff stated that mission statements have taken on a different look, something that is more distinct that people can remember. Commissioner Hoss added that the Port's role has evolved and has a more defined strategic role now that perhaps wasn't. Commissioner Singhania suggested Ms. Saathoff, using her experience, draft a statement for the Port (with a tagline) to bring back to the Board. Ms. Saathoff also suggested bringing in strategic groups to participate in the process, perhaps even the CAP group, saying we has an organization in the community need to agree on a stated mission and vision of this Port. Commissioner Santos agreed stating it should be Port Freeport, world class navigational capabilities, the jewel of the Texas Gulf Coast. Commissioner Pirtle brought up the question regarding the logo if it has been renewed as a trademark with the tagline "The Coast is Clear" being removed. This is something that will have to be checked into and reported back to the Board.

Ms. Saathoff stated the Port is in good financial position and continues to maintain a strong reserve. With the current budget, it shows spending a portion of the reserves. The ad valorem tax rate was discussed in the budgeting cycle in that we do have a looming decision point for us. The schedule shows a trend in reducing the tax rate and maintaining a levy amount. However, the Port is approaching a time when the outstanding bond series will be fully retired in 2019. At that point, the I & S rate will go to zero, and the Port could find itself in a rollback situation if the rate needed to be raised. Moving forward with our capital planning and funding analysis, decisions will need to be made in the near future about bond funding. Commissioner Hoss asked for options to avoid a rollback situation. Ms. Saathoff suggested seeking voter approval to issue general obligation bonds to finance part of the Freeport Harbor Channel Improvement Project and match the timing to where it falls in the existing I&S rate and is not a burden but a continuation. The Freeport Harbor Channel Improvement Project benefits the entire Freeport Harbor Channel community making it a fitting project for public support through general obligation bond funding. Discussion then began on when the best time is to seek approval of the bonds, how to go about preparing for it and if a consultant should be brought in to assist.

7. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:

- A. Under authority of Section 551.071 (consultation with attorney) for discussion regarding:
 - 1. Consultation with attorney regarding social host liability.

- B. Under authority of Section 551.072 (deliberation of real property) for discussion regarding:
 - 1. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 4, 5, 6, 9, 14, 19, 27, 31, 34, and 38.
 - 2. The potential exchange, lease, or value of real property located Port Freeport, including but not limited to Parcels 7, 8, 10, 26, and 37.
 - 3. The potential purchase, exchange, lease or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berths 1, 2, 5 and 7.
 - 4. Discussion regarding the potential exchange, lease or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.

- C. Under authority of Section 551.074 (deliberation of personnel matters) for discussion regarding:
 - 1. Goals and performance of the Executive Director/CEO.

8. RECONVENE OPEN SESSION.

9. Adjourn.

With no further business before the Commission, the meeting adjourned at 4:07 p.m.